

RICHFIELD RESIDENTIAL HALL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2005

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Richfield Residential Hall, Inc.
765 West 1st Avenue
Richfield, Utah 84701

We have audited the accompanying statement of financial position of Richfield Residential Hall, Inc. as of the fiscal year ended June 30, 2005, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of Richfield Residential Hall, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Richfield Residential Hall, Inc. at June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2005, on our consideration of Richfield Residential Hall, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Richfield Residential Hall, Inc. taken as a whole. The accompanying supplementary information and schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

December 27, 2005
Richfield, Utah

RICHFIELD RESIDENTIAL HALL, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2005

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|-----------------------|-------------------|-----------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | 730,987 | 246 | 731,233 |
| Accounts Receivable | <u>49,150</u> | <u>46</u> | <u>49,196</u> |
| Total Current Assets | 780,137 | 292 | 780,429 |
| Transportation Equipment, Net | <u>1,746</u> | <u>-</u> | <u>1,746</u> |
| TOTAL ASSETS | <u><u>781,883</u></u> | <u><u>292</u></u> | <u><u>782,175</u></u> |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts Payable | 51,526 | - | 51,526 |
| Accrued Liabilities | <u>53,625</u> | <u>-</u> | <u>53,625</u> |
| Total Liabilities | <u>105,151</u> | <u>-</u> | <u>105,151</u> |
| Net Assets: | | | |
| Restricted | - | 292 | 292 |
| Unrestricted | <u>676,732</u> | <u>-</u> | <u>676,732</u> |
| Total Net Assets | <u>676,732</u> | <u>292</u> | <u>677,024</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>781,883</u></u> | <u><u>292</u></u> | <u><u>782,175</u></u> |

The notes to the financial statement are an integral part of this statement.

RICHFIELD RESIDENTIAL HALL, INC.
STATEMENT OF ACTIVITY

For The Fiscal Year Ended June 30, 2005

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|-----------------------|-------------------|-----------------------|
| Revenues, Gains and Other Support: | | | |
| Federal Grants: | | | |
| Tribally Controlled Grant | <u>1,375,999</u> | <u>-</u> | <u>1,375,999</u> |
| Total Federal Grants | <u>1,375,999</u> | <u>-</u> | <u>1,375,999</u> |
| Revenue: | | | |
| Private Grants | - | 740 | 740 |
| Other | 3,205 | - | 3,205 |
| Interest | <u>12,888</u> | <u>-</u> | <u>12,888</u> |
| Total Other Revenue | <u>16,093</u> | <u>740</u> | <u>16,833</u> |
| Total Revenues, Gains and Other Support | <u>1,392,092</u> | <u>740</u> | <u>1,392,832</u> |
| Expenses and Losses: | | | |
| Program Services: | | | |
| Student and Facility Management | <u>1,147,675</u> | <u>13,279</u> | <u>1,160,954</u> |
| Total Program Expenses | <u>1,147,675</u> | <u>13,279</u> | <u>1,160,954</u> |
| Change in Net Assets | 244,417 | (12,539) | 231,878 |
| Net Assets - Beginning of Year | <u>432,315</u> | <u>12,831</u> | <u>445,146</u> |
| Net Assets - End of Year | <u><u>676,732</u></u> | <u><u>292</u></u> | <u><u>677,024</u></u> |

The notes to the financial statements are an integral part of this statement.

RICHFIELD RESIDENTIAL HALL, INC.
STATEMENT OF CASH FLOWS

For The Fiscal Year Ended June 30, 2005

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|-----------------------|-------------------|-----------------------|
| Cash Flows From Operating Activities: | | | |
| Change in Net Assets | 244,417 | (12,539) | 231,878 |
| Adjustments to Reconcile Net Cash Provided by Operations: | | | |
| Depreciation | 3,485 | - | 3,485 |
| Increase (Decrease) in Operating Assets and Liabilities: | | | |
| Accounts Receivable | (49,118) | 12,785 | (36,333) |
| Accounts Payable | 14,175 | - | 14,175 |
| Accrued Liabilities | 4,697 | - | 4,697 |
| Compensated Absenses | <u>12,594</u> | <u>-</u> | <u>12,594</u> |
| Net Cash Provided By Operating Activities | <u>230,250</u> | <u>246</u> | <u>230,496</u> |
| Net Increase (Decrease) in Cash | 230,250 | 246 | 230,496 |
| Cash - Beginning of Year | <u>500,737</u> | <u>-</u> | <u>500,737</u> |
| Cash - End of Year | <u><u>730,987</u></u> | <u><u>246</u></u> | <u><u>731,233</u></u> |

The notes to the financial statements are an integral part of this statement.

**RICHFIELD RESIDENTIAL HALL, INC.
NOTES TO FINANCIAL STATEMENTS**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of Richfield Residential Hall, Inc. (RRHI) have been prepared on the accrual basis. RRHI was incorporated on October 1, 1991, and operates a residential care and service facility for Navajo students attending the middle and high schools in the Sevier School District. RRHI has no component units and is not a component unit of any other entity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

B. Financial Statement Presentation

In 1996, Richfield Residential Hall, Inc. elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, the Residential Hall is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Residential Hall is required to present a statement of cash flows. As permitted by this new statement, the Residential Hall has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required, as they apply to the Residential Hall.

C. Contributions

The Residential Hall also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made", in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

D. Inventory

Office and other supplies are deemed immaterial and not recorded.

E. Bad Debts

All accounts receivable and grants receivable are considered 100% collectible. Therefore, no allowance for bad debts has been recorded.

**RICHFIELD RESIDENTIAL HALL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Property and Equipment

Richfield Residential Hall, Inc. has a policy of capitalizing all assets which exceed a cost of \$5,000 when acquired. The building used by RRHI is owned by the Bureau of Indian Affairs and therefore has not been capitalized on the books of RRHI. Transportation equipment is capitalized at cost and is being depreciated over estimated useful lives of three to five years using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

G. Income Taxes

No amounts have been paid or accrued for income taxes as the Residential Hall is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH

Cash includes an interest bearing checking account at State Bank of Southern Utah. The book balance at June 30, 2005, was \$731,233 and the bank balances were \$741,136. The sweep account is not FDIC insured. The account is secured by US Gov Agency FHIMC for \$2,000,000 CUSIP #31359MWS8, FANNIE MAE for \$4,000,000 CUSIP #3136F4PVO, FANNIE MAE for \$1,000,000 CUSIP #3136F6N54, FHLMC for \$3,000,000 CUSIP #3128X3WRO, and FHLB for \$3,000,000 CUSIP #3133X8X56. The checking account is FDIC insured. Total funds FDIC insured was \$9,940.

NOTE 3 - TRANSPORTATION EQUIPMENT

The following is a summary of transportation equipment as of June 30, 2005:

| | Balance <u>June 30, 2004</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>June 30, 2005</u> |
|--------------------------|---------------------------------|------------------|------------------|---------------------------------|
| Transportation Equipment | 28,725 | - | - | 28,725 |
| Accumulated Depreciation | (23,494) | (3,485) | - | (26,979) |
| Total | <u>5,231</u> | <u>(3,485)</u> | <u>-</u> | <u>1,746</u> |

RICHFIELD RESIDENTIAL HALL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - ACCRUED LIABILITIES

The following is a summary of accrued liabilities at June 30, 2005:

| | |
|-----------------------------------|----------------------|
| Accrued Payroll and Payroll Taxes | 22,492 |
| Compensated Absences | <u>31,133</u> |
| Total Accrued Liabilities | <u><u>53,625</u></u> |

NOTE 5 - COMPENSATED ABSENCES

The following is a statement of changes in compensated absences:

| | <u>Balance</u> <u>June 30, 2004</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2005</u> |
|----------------------|--|------------------|------------------|--|
| Compensated Absences | <u>18,539</u> | <u>12,594</u> | <u>-</u> | <u>31,133</u> |

NOTE 6 - RETIREMENT PLAN

Prior to the incorporation of the RRHI, this program was operated by the Bureau of Indian Affairs. During that time, several of the employees participated in the Civil Service Retirement (CSR) and the Federal Employees Retirement Systems (FERS). When the RRHI was incorporated, those participating in these programs were allowed to continue their participation. Other employees who met the requirements of the organization could participate in a tax sheltered annuity program. The employer will match the employees savings up to 10.7% of their earnings.

NOTE 7 - RECONCILIATION OF FEDERAL EXPENDITURES

| | |
|--|-------------------------|
| Total Federal Revenue Per Statement of Activities | <u>1,375,999</u> |
| Total Expenditures Per Statement of Activity | 1,147,675 |
| Less Amounts Paid With Other Revenue | <u>(16,093)</u> |
| Total Expenditures Per Schedule of Federal Awards Expended | <u><u>1,131,582</u></u> |

**RICHFIELD RESIDENTIAL HALL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 8 - RISK MANAGEMENT

The Residential Hall is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are addressed by commercial insurance coverage.

Liability:

The Residential Hall is insured by Executive Risk Indemnity, Inc. for \$1,000,000 each insured person, each claim. There is a \$5,000 deductible on each claim.

Business Auto Coverage:

The Residential Hall insures all of its vehicles through National Casualty Company with \$500,000 combined single limit for liability and property damage. There is a \$500 deductible for each covered automobile.

Property and Casualty:

This coverage is provided by Colorado Casualty Insurance Company. The Residential Hall insures property and equipment that is at the Residential Hall, but owned by the Western Navajo Agency.

Workers Compensation:

This coverage is provided by the Workers Compensation Fund of Utah, a quasi governmental nonprofit company. Employees are insured for accidents or injuries that may occur while on the job.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Richfield Residential Hall, Inc. maintains two bank accounts at one bank. The checking accounts at the institution are insured by the Federal deposit Insurance Corporation (FDIC) up to \$100,000. As described in Note 2 above, \$9,940 is FDIC insured. The sweep account is not FDIC insured. This account is secured by US Government FHIMC, FFCB, FNMA, FANNIE MAE, FHLMC and FHLB. See Note 2 above.

RICHFIELD RESIDENTIAL HALL, INC.
STATEMENT OF ACTIVITY - BY NATURAL CLASSIFICATION

For The Fiscal Year Ended June 30, 2005

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|-----------------------|-------------------|-----------------------|
| Revenues, Gains and Other Support: | | | |
| Federal Grants: | | | |
| Tribally Controlled Grant | <u>1,375,999</u> | <u>-</u> | <u>1,375,999</u> |
| Total Federal Grants | <u>1,375,999</u> | <u>-</u> | <u>1,375,999</u> |
| Revenue: | | | |
| Private Grants | - | 740 | 740 |
| Other | 3,205 | - | 3,205 |
| Interest | <u>12,888</u> | <u>-</u> | <u>12,888</u> |
| Total Other Revenue | <u>16,093</u> | <u>740</u> | <u>16,833</u> |
| Total Revenues, Gains and Other Support | <u>1,392,092</u> | <u>740</u> | <u>1,392,832</u> |
| Expenses and Losses: | | | |
| Program Services: | | | |
| Salaries | 463,734 | - | 463,734 |
| Fringe Benefits | 203,950 | - | 203,950 |
| Purchased Professional Services | 43,597 | 1,262 | 44,859 |
| Purchased Property Services | 14,786 | - | 14,786 |
| Other Purchased Services | 86,382 | - | 86,382 |
| Supplies | 331,741 | - | 331,741 |
| Equipment | - | 12,017 | 12,017 |
| Depreciation | <u>3,485</u> | <u>-</u> | <u>3,485</u> |
| Total Program Expenses | <u>1,147,675</u> | <u>13,279</u> | <u>1,160,954</u> |
| Change in Net Assets | 244,417 | (12,539) | 231,878 |
| Net Assets - Beginning of Year | <u>432,315</u> | <u>12,831</u> | <u>445,146</u> |
| Net Assets - End of Year | <u><u>676,732</u></u> | <u><u>292</u></u> | <u><u>677,024</u></u> |

**RICHFIELD RESIDENTIAL HALL, INC.
STATEMENT OF ACTIVITY**

For The Fiscal Year Ended June 30, 2005

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---|---------------------|-------------------|------------------|
| Revenues, Gains and Other Support: | | | |
| Federal Grants: | | | |
| Tribally Controlled Grant | <u>1,375,999</u> | <u>-</u> | <u>1,375,999</u> |
| Total Federal Grants | <u>1,375,999</u> | <u>-</u> | <u>1,375,999</u> |
| Revenue: | | | |
| Private Grants | <u>-</u> | <u>740</u> | <u>740</u> |
| Other | <u>3,205</u> | <u>-</u> | <u>3,205</u> |
| Interest | <u>12,888</u> | <u>-</u> | <u>12,888</u> |
| Total Other Revenue | <u>16,093</u> | <u>740</u> | <u>16,833</u> |
| Total Revenues, Gains and Other Support | <u>1,392,092</u> | <u>740</u> | <u>1,392,832</u> |
| Expenses and Losses: | | | |
| Program Services: | | | |
| Regular Program | <u>548,877</u> | <u>-</u> | <u>548,877</u> |
| Indirect Costs | <u>259,379</u> | <u>-</u> | <u>259,379</u> |
| Kitchen Food/Service | <u>169,762</u> | <u>-</u> | <u>169,762</u> |
| Title IX | <u>3,892</u> | <u>-</u> | <u>3,892</u> |
| Facility Management | <u>106,638</u> | <u>-</u> | <u>106,638</u> |
| School Board | <u>27,015</u> | <u>-</u> | <u>27,015</u> |
| Tutorial | <u>21,553</u> | <u>-</u> | <u>21,553</u> |
| Drug and Alcohol Education | <u>9,746</u> | <u>-</u> | <u>9,746</u> |
| Nurse | <u>813</u> | <u>-</u> | <u>813</u> |
| Private Grant Funds | <u>-</u> | <u>13,279</u> | <u>13,279</u> |
| Total Program Expenses | <u>1,147,675</u> | <u>13,279</u> | <u>1,160,954</u> |
| Change in Net Assets | <u>244,417</u> | <u>(12,539)</u> | <u>231,878</u> |
| Net Assets - Beginning of Year | <u>432,315</u> | <u>12,831</u> | <u>445,146</u> |
| Net Assets - End of Year | <u>676,732</u> | <u>292</u> | <u>677,024</u> |

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Richfield Residential Hall, Inc.
765 West 1st Avenue
Richfield, Utah 84701

We have audited the financial statements of Richfield Residential Hall, Inc. as and for the year ended June 30, 2005, and have issued our report thereon dated December 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Richfield Residential Hall, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Richfield Residential Hall, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

December 27, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Richfield Residential Hall, Inc.
765 West 1st Avenue
Richfield, Utah 84701

Compliance

We have audited the compliance of Richfield Residential Hall, Inc. with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Richfield Residential Hall, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Richfield Residential Hall, Inc.'s management. Our responsibility is to express an opinion on Richfield Residential Hall, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Government s, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Richfield Residential Hall, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Richfield Residential Hall, Inc.'s compliance with those requirements.

In our opinion, Richfield Residential Hall, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Richfield Residential Hall, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Richfield Residential Hall, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Board of Directors
Richfield Residential Hall, Inc.
Page -2-

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

December 27, 2005
Richfield, Utah

**RICHFIELD RESIDENTIAL HALL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Richfield Residential Hall, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Richfield Residential Hall, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Internal Control Over Financial reporting and on Compliance And Other Matter Based On An Audit Of Financial Statements Performed In Accordance With government Auditing Standards.
5. The auditor's report on compliance for the major federal award programs for Richfield Residential Hall, Inc. expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Richfield Residential Hall, Inc.
7. The programs tested as a major program are: Indian Schools Equalization Program, CFDA 15.042 and Indian Education Facilities, Operation and Maintenance, CFDA 15.047.
8. The threshold for distinguishing Type A programs is \$300,000 of federal awards expended.
9. Richfield Residential Hall, Inc. was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

RICHFIELD RESIDENTIAL HALL, INC.
SCHEDULE OF FEDERAL AWARDS EXPENDED

For The Fiscal Year Ended June 30, 2005

| <u>Federal Grantor/Pass Through Grantor</u> | <u>Pass Through CFDA Number</u> | <u>Grantor's Number</u> | <u>Disbursements Expenditures</u> |
|--|-------------------------------------|-----------------------------|---------------------------------------|
| Other Federal Assistance: | | | |
| Indirect Assistance: | | | |
| U. S. Department of Interior: | | | |
| Passed Through the Navajo Nation: | | | |
| Indian School Equalization Program | 15.042 | GTN33XE1414 | 574,956 |
| Indian School Equalization Program | 15.042 | GTN33XE1413 | 141,082 |
| Indian Schools, Student Transportation | 15.044 | GTN33XE1414 | 37,300 |
| Admin. Cost Grants for Indian Schools | 15.046 | GTN33XE1414 | 191,100 |
| Indian Education Facilities, Operations and Maintenance | 15.047 | GTN33XE1413 | 68,981 |
| | 15.047 | GTN33XE1414 | <u>37,657</u> |
| Total U. S. Department of Interior | | | <u>1,051,076</u> |
| U. S. Department of Education: | | | |
| Passed Through the Navajo Nation: | | | |
| Title I Grants to Local Education Agencies | 84.010 | GTN33XE1414 | 9,746 |
| Special Education | 84.027 | GTN33XE1413 | 66,868 |
| Safe and Drug Free Schools | 84.186 | GTN33XE1413 | <u>3,892</u> |
| Total U. S. Department of Education | | | <u>80,506</u> |
| Total Indirect Assistance | | | <u>1,131,582</u> |
| Total Federal Financial Assistance | | | <u><u>1,131,582</u></u> |

**RICHFIELD RESIDENTIAL HALL, INC.
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Richfield Residential Hall, Inc. The reporting entity, Richfield Residential Hall, Inc., is defined in Note 1 to Richfield Residential Hall, Inc.'s financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the accrual basis of accounting for assistance received which is described in Note 1 to Richfield Residential Hall, Inc.'s financial statements.

**RICHFIELD RESIDENTIAL HALL, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2005

There were no prior audit findings.